

**QUARTERLY TASK  
ORDER PROGRESS AND  
COST REPORT**

**JULY TO SEPTEMBER  
2001**

**GEORGIA LOCAL  
GOVERNANCE REFORM  
INITIATIVE**

Prepared for



Georgia Local Governance Reform Initiative  
U.S. Agency for International Development  
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### ATTACHMENT

Cost Report

## **QUARTERLY TASK ORDER PROGRESS AND COST REPORT**

**JULY TO SEPTEMBER 2001**

### **GEORGIA LOCAL GOVERNANCE REFORM INITIATIVE**

**Task Order No.:** EEU-I-99-0015-02, TO No. 809

**Date of Issuance:** September 15, 2000

#### **Task Order Description**

FOCUS 2001 will be a cross-cutting, interdisciplinary program focused on developing the legal framework necessary for comprehensive and competitive local elections, and for decentralization of authority and resources; improving the political environment; and expanding citizen participation during the next 18 months in preparation for local elections.

The Local Governance Reform Initiative (LGRI) should play a significant role in this pre-electoral program, particularly with regard to the legislative framework, building relationships between citizens and local government officials, and improving the latter's capacity to carry out their mandate of responding to community needs and priorities more efficiently and responsively. The officials, in-turn, stand to gain from these improvements, as their jobs will depend on their success or failure. Following the election, LGRI will shift gears to focus on more intensive capacity-building and delivery of tangible, sustainable results at the local level, based on the foundation laid during the LGRI's earlier work.

**Amount Obligated under Task Order:** \$2,505,304

**Total Potential Task Order Amount:** \$5,441,367

**Dollars Expended to Date:** \$1,204,022

#### **Progress of Major Activities**

##### **Highlights**

- Regional offices leased and prepared in all five cities. Official regional office openings held in Zestaponi, Ozurgeti and Poti with openings scheduled for Mtskheta and Lagodekhi in October.
- Computer equipment delivered to all local partners.
- Local government consumer survey carried out; results discussed with city officials and final analysis and report to be completed by mid-October.



- Baseline assessment with an addendum on the new Organic Law prepared and in printing, due mid-October.
- Implementation of partner specific citizen participation and information programs to meet varying needs in progress.
- Execution of sub-contracts with five Tbilisi based non-government organizations (NGOs).
- Design and implementation of condominium program in Zestaponi.
- Design of programs for information centers in Zestaponi, Lagodekhi, Poti and Mtskheta to be funded by the grant program.
- Presentation of two budget and finance workshops in July and September. The fourth workshop scheduled for November is in planning. Prospective local budget trainers are participating.
- Design of public awareness seminars on the budget process with delivery in partner cities planned for October.
- Passage of the Organic Law on Local Self Government and Governance by Parliament that incorporated many changes recommended by the Technical and Advisory Groups.
- Analytic and promotional materials developed on the new Organic Law with seminars held in four of the partner cities in conjunction with IFES who presented on the new Election Code.
- Implementation of second phase of legislative program with Law on Local Property drafted and work in progress on Law on Local Budgets.
- Cooperation established with several the United States Agency for International Development (USAID) and other donor projects to increase impact and facilitate better decentralization.
- Continued development of dissemination strategy with DG media partners, local media in partner cities and others, such as the proposed Association of Local Government Experts and GIPA.
- LGRI Website developed and publicity in progress.
- LGRI management plan developed and provided to USAID.



**Baseline Assessment**—The publishing of the baseline assessment was postponed to allow for inclusion of an addendum on the amendments to the Organic Law on Local Self-Government and Governance. The translation has been completed and submitted for printing of 1,000 copies in Georgian and 200 in English that should be completed in mid-October.

**Local Government Capacity Building Program—Assessment Phase**—Throughout this quarter, the LGRI team visited all cities to develop the local assessment in conjunction with city officials and NGO's. The local assessments are working documents that assemble information through local contacts and some research. Coordinators submitted interim drafts in late September. Findings of the consumer survey were shared with local officials to present constituent attitudes towards government and local service delivery. This information has assisted in selecting preferred elective interventions from the LGRI as well as citizen information and participation programs.

The Institute of Polling and Marketing presented their survey results in late July. The survey assesses citizen attitudes towards and awareness of local government and the media, preference for and rating of public services, attitudes towards corruption and barriers to business. During August and September, UI staff has been working with the Institute of Polling and Marketing to refine their results and to clarify seeming inaccuracies in both presentation and data. Correlation's of demographic characteristics and question responses were provided. Charts have been developed for presentation and UI will draft a short explanatory report to accompany the diagrams. A final report and presentation of materials should be completed in mid October.

### ***Planning for Core and Elective Programs***

**Regional Offices**—All regional offices have been selected, renovated, and equipped. Poti, Zestaphoni and Lagodekhi have a combined local office and residence for the coordinator. The Ozurgeti office is located in the offices of the Association of Young Scientists. In Mtskheta, the office is located in the City building. Western coordinators took residence in August/September with formal office openings in September. The Mtskheta opening is to be held in early October. All openings were combined with legislative seminars. The Lagodekhi office opening is briefly postponed as the coordinator decided she did not wish to move to Lagodekhi. Following extensive recruitment, a new coordinator was recently hired. Computers and printers for the local governments and regional offices were delivered to local partners.

Delays in coordinators taking residence in the regions resulted from USAID's request to spend more time on team building, a worthwhile endeavor. However, work in the regions proceeded without the coordinators in residence. As discussions ensue on selection of the second round of cities, consideration is given to the fact that each coordinator will add a city and will work from the existing five regional offices.

**Finance and Budget Training**—Two of the five modules of the financial training program for budget officers and key local officials engaged in the budget work were delivered by LGRI staff, UI staff and consultants one in July and the second in September. The seminar topics



were determined in consultation with the local officials and based on stated needs and interests of the local officials, particularly the government finance officers as well as an assessment of current training materials in budget and finance.

The second module took place July 11 to 13 in Chakhvi, a Black Sea resort on the territory of the autonomous republic of Adjara. The Budget seminar covered the following topics: Operating Budget and Program Budgeting, The Experience of Hungary in Reforming the Budget Process, Budget Execution and Control, Citizen Participation and the Budget Process. The seminar was presented by: Nick Gvishiani, Budget and Finance Advisor for UI in Tbilisi; Judit Kalman, trainer in Hungary who participated in UI's budget reform project there in the mid 1990's and Win Evans from the Institute for Public Administration who previously served as budget officer for the City of Dallas, Texas.

The seminar included presentations on these various issues as well as small group and individual exercises to take "theoretical" material and apply to real-life situations. The Seminar started with participant presentations of a homework assignment concerning strategic planning and budgeting from the first seminar. It ended with describing the second homework task of providing a sample of a program budget for one program, based on the strategic goals and objectives developed in the first assignment. In between seminars, LGRI staff provides assistance to each city in completing homework assignments.

The third module, held in Lekani on September 12 to 14, included the following topics: performance measurement, debt management and capital programming, and city management and effective service delivery through citizen participation cash management. The last topic served as an introduction to an approach to improving public service delivery through citizen monitoring and participation that was well received by city representatives. The seminar was presented by Barry Reed and Martha Sickles of the LGRI and Ritu Nayyar Stone of UI. The conference included 26 participants from the five LGs. Seven potential future trainers from Tbilisi based and local NGO's and training institutions also attended the conference. Their participation is to prepare them for active participation as trainers in future years, both within LGRI and on their own.

In September, a brief critique of the seminar with visiting consultant Ritu Nayyar-Stone (from UI-DC) was held as well as planning discussions on the fourth seminar to be held in November. The fourth module will present revenue maximization and alternatives and revenue and expenditure forecasting. The team agreed to send out an evaluation form to all participants on the overall budget and financial management-training program to date. Topics to be included are suitability of the topics, method of instruction, evaluation of materials, applications of methods, etc.

Win Evans was not able to hold the training skills workshop due to illness but did conduct a discussion with LGRI staff on the topics for the budget public awareness seminars that have been planned and will be held in October. These seminars were designed in cooperation with Civitas, a Tbilisi based NGO. The seminars will be delivered twice in each city in one day



to two target groups. The first session is for elected officials and local government personnel. The second session, to be led in part by a local official, is for NGO's and the general public. A local NGO will also participate in the seminar delivery in each local government.

To further increase public awareness of the budget process, the LGRI printed brochures for each partner city to be distributed to encourage public participation in local budget processes. These brochures were distributed in each City in September in preparation for the seminars planned for October.

**Public Information and Participation**—Programs of public participation and information to meet the varying needs and progress of each local government in these areas have been agreed upon with the local partners and implementation begun. The City of Poti recently passed legislation mandating regularly scheduled meetings, prior announcement and mechanisms for public participation in council meetings. LGRI will be assisting them in preparing copies of all local legislation and meeting minutes for the local library. The Zestaponi coordinator began monthly meetings with local NGO's to establish local government monitoring processes. The successful citizen's action committee (CAC) in Lagodekhi has been identified as a good citizen monitoring and action mechanism. The concept is being introduced in other cities.

The Mtskheta coordinator and LGRI staff attended meetings with UNESCO and city officials on the development of a master plan for the historic areas of Mtskheta. A major concern was the organization of a inclusive body that could manage and maintain the historic sites. The city officials requested that they have a more active role planning UNESCO activities. UNESCO and LGRI agreed to work together with the city in tourism planning and preservation strategy.

Findings of the LGRI consumer survey indicate that most citizens receive information from television in all cities but Mtskheta where local television does not exist. Coordinators are meeting with local media to share information on the new local government legislation, on the LGRI program and to encourage greater coverage of local government issues.

Subcontracts were signed with three Tbilisi based partner NGO's: Civitas, ICCCN and ICCN, to assess existing training materials and manuals for local government officials as a first step in the design of leadership training for newly elected officials to be delivered this winter.

Training consultant, Maria Nagorski will come in October to work with the LGRI team and NGO's to design the leadership training. Due to the probable delay in the elections, the discussions will focus on training to be carried out with current administrations: including elected officials, staff and other public sector officials in targeted areas.

An important focus this quarter were the provision of public awareness seminars on the amendments to the new Organic Law of Local Self Government and Government and the Election Code. Seminars were held in all five cities on the Organic Law and in three cities on the election code. The last two seminars were postponed due to the decision to postpone elections and modify the Election Code. They will be held in October. Public officials, the media, NGO's



and the general public attended the seminars. Copies of the legislation and initial commentary on the legislation were provided.

**Information Centers and Local Government Databases**—The LGRI consumer survey found that approximately half of the population surveyed in all five cities are satisfied with the information they receive about their local governments. However, the majority of respondents could not identify the mayor of their city and held the city officials accountable for services under the jurisdiction of the state. Moreover, many respondents are very dissatisfied with responses of local government to questions or requests for assistance. The interest of three of the five partner local governments for information centers to better inform and respond to their constituents is well founded.

LGRI staff received results from the Eurasia Foundation's local information centers competition and only Zestaponi of our competing partner cities was funded. The team requested the proposals submitted to Eurasia from Poti and Lagodekhi. They have been reviewed and modified to meet LGRI's more modest funding potential for this endeavor. The staff of LGRI have received guidelines from the new UI contracts officer in developing the overall grant program that will be used to fund these centers, deemed top grant priority by Lagodekhi, Poti and Mtskheta. All three cities were invited to attend the Eurasia Foundation sponsored seminar on information centers in Kobuleti in October. As LGRI and Eurasia signed a letter of cooperation in this program area, these cities will also be able to participate in Eurasia training and services.

The Eurasia Foundation has awarded a contract/grant to the Association of Young Scientists to develop local government information management software. They will be working with the author of similar software in Armenia. LGRI is exploring the value of contracting with local NGO's to assist local governments in conducting an information needs assessment to guide the design of information management systems.

**Condominium/Housing Association Development**—The city officials of Zestaponi selected condominium formation as a priority project in the spring. The consumer survey indicated that this is also a priority of the population. The City officials have also suggested that this project is a priority for their grant request.

Carol Rabenhorst, UI legal advisor with a specialization in condominiums was in Georgia from July 24 to 31 to review the proposed versions of the condominium law and assist in program design and initial implementation of the city program to support the formation of condominiums. The program built on similar successful efforts conducted by Urban Institute in Central Europe, and Armenia will be carried out in conjunction with the Association of Urbanists. During Ms. Rabenhorst's visit, a proposed program was developed and discussed with the City of Zestaponi. The project will promote the organization of condominiums, provide training in housing management and promote investment in common areas and building systems through a small grant program. The City leaders approved the program scope and schedule during a visit on July 30. During this visit the team met with directors of the communal service LTD and the local representative of the Association of Urbanists. Earlier, the team had discussed





the selection of buildings to be included in the program: size and types of buildings, geographic distribution etc. The team also visited potential pilot buildings suggested by the city officials. The LGRI coordinator with city staff and the Association of Urbanists will review other potential buildings and add more descriptive information to a list of all multi-family buildings prepared by the Urbanists. Additional meetings with building representatives.

The proposed work plan was incorporated into a sub-contract with the Association of Urbanists led by Lado Vardosanidze and supported by a local Association coordinator in Zestaponi. Consistent with the project schedule, LGRI and Urbanist staff are collaborating in the production of a questionnaire and draft brochure to be completed in mid October. A public meeting is scheduled for early November to promote the condominium program. Draft training materials from UI are being reviewed for adaptation for this program. A meeting will be held in October with the local government to discuss the details of the grant program for condominiums.

**Economic/Business Development Strategies**—Three of the five local governments have requested assistance in creating participatory business or economic development strategies. Few Georgian NGO's have experience in local economic development strategies and most local governments conduct strategies based on the national normative economic plan with no community participation. LGRI would like to use consultants from the E&E region, most probably Poland to assist in this activity.

To facilitate this work, LGRI has suggested a study tour to Poland to observe economic development strategies in implementation as well as other local government issues. However, USAID representatives requested that LGRI postpone study tours until after the elections. The study tour envisioned would use Polish consultants and partner cities supported by USAID over the past ten years, most recently as part of the Local Government Partnership Program. This program will be reviewed in light of the upcoming changes in the LGRI management.

**Public Services**—The team has been discussing avenues to address public services in the event the amendments in the Organic Law that will provide greater authority to local self governments in service areas are not passed. The World Bank Municipal Project has focused on public improvements with a large loan and grant fund. Still, due to low cost recovery and the limited financial capacity of local governments, there has not been significant progress. Although service delivery is important to local constituents, only one local government selected it as an elective program. This may be due to the cost of addressing many of the service delivery obstacles.

Given the above, the LGRI with support from UI, has developed a program concept to address public improvements through citizen participation in visible and relatively easily addressed services such as street cleaning or park improvement. The program would engage local officials, staff and the public in identifying a problem area, conducting a situation assessment through citizen participation in observer ratings and developing an intervention with ongoing maintenance that will correct a defined problem. The work could be supported through the grant program. This program concept was presented in the September Budget and Finance



seminar with good reception. Mtskheta is interested in a parks project and Lagodekhi expressed interest in a street cleaning project. This concept was presented to the USAID CTO for review.

### *Nationally Focused Programs*

**Dissemination Strategy**—The LGRI program disseminates its training materials, reports and best practices widely to Georgian local governments and other interested parties. Zaal Anjaparidze, Director of Public Information and Public Relations, continues to contact all USAID media partners and national and local media. Several local stations broadcast the three informational television programs on the Organic Law for Local Self-Government and Governance.

LGRI program brochures continue to be disseminated. New brochures were developed for each city on public participation in the budget process. LGRI has developed a web site as one mechanism for dissemination. The Website contains a LGRI work plans, reports and training materials in both Georgian and English text. Staff is advertising the site and continuing to add materials as they are developed. As Internet access is limited in the regions, LGRI is reviewing the potential of a national local government newspaper that can be sent electronically and published in hard copy. This is under discussion with partner NGO's such as GIPA and the burgeoning Association of Local Government Experts as well as other donors such as the British DIFED and TACIS.

**Legislative Reform Process**—The Technical Group (TG) completed the following during the third quarter:

- Completion of the Organic Law on LSG—worked with the parliamentary committee on the final text of the draft law.
- TG members participated in different forums and discussions by a variety of groups prior to adoption of the amendments to the law on LSG. These focused on providing information as well as the views of the draft prepared by the TG.
- Completed draft of law on “Local Property”, with the assistance of US-based consultant Richard Winnie. This work also involved the Ministry of State Property Management as an ad-hoc member of the TG.
- Worked on draft of law on “Local Budgets”.
- Preparing the revised legislative package on LSG to be affected after the adoption of the organic law on “Local Self-governance and Governance”—drafting amendments to the laws on Management and Disposition of State Owned Non-Agricultural Land, Local Fees, Budgetary System and Budgetary Powers, State Procurement, Administrative and Tax Codes, etc.



- Prepared a written summary of the newly amended law on LSG.
- Wrote a comparison between the old and new organic law for dissemination among local government's, NGO's, the mass media and citizens.
- The TG organized public discussions (including a presentation on the new law and a question and answer session) on the newly amended law on LSG for four of our partner cities: in Mtskheta (September 7), Zestaponi (September 18), Poti (September 27), and Ozurgeti (September 28). The TG scheduled a discussion in Lagodekhi for October 8. Attendees included local government representatives, NGOs, media, and citizens. Those attending received copies of the new law and the comparison document between the old and new laws.
- Reviewed the newly amended law on LSG for consistency with the European Charter on LSG.
- Published and disseminated materials for assisting in the implementation process.
- Participated in different forums and discussions to explain the newly amended law on LSG, including two organized by the International Center for Journalists (ICFJ) (in Tbilisi and Kutaisi for newspaper journalists), by Internews (in Tbilisi, for radio journalists), and by IFES (in Tbilisi, for civic activists from different regions of Georgia).
- Jozsef Hegedus, a budgeting expert from Hungary, will provide assistance to the TG on the new local budget law and a formula for transfers during the beginning of October.
- The TG also prepared a detailed work plan for its work during the third and fourth quarters of 2001. Work in the next quarter will follow this plan. However, persisting rumors about the postponement of elections (and implementation of the new law on LSG) might necessitate changes in the TG work plan.

**Grant Program**—The grant program is designed to assist and support the implementation of the LGRI programs. Immediately following the signing of the MOUs, partners were asked to cite their priorities for elective programs and grants. All have remained consistent in their requests. The Advisory Board will review the grant applications from the local governments. The grant guidelines and application are drafted and submitted to USAID for review. Grants should be awarded this quarter consistent with the work plan.

**Advisory Committee**—LGRI Advisory Committee: LGRI has invited local government, state and NGO representatives to serve on its advisory committee. The first meeting was to have been held in the summer but local government representatives asked to hold it in the fall. The



current plan is for late October/early November pending LGRI management changes. Primary tasks should be program review and grant approvals.

**Selection of new cities**—LGRI staff has begun reviewing cities for potential partners in the next round. The potential delay of local elections propels the LGRI to contingency planning that includes adding the five new cities as soon as possible and beginning the core activities with them so as not to lose time if elections are significantly postponed. The original plan was to include the new cities following the elections. USAID has raised some issues on bringing in new cities that should be addressed in October.

**LGRI Management**—In response to USAID's request that greater emphasis be placed on team building, the opening of the regional offices were postponed to allow coordinators to participate in the management restructuring and team development in July. Following the team building retreat conducted by Bo Razak in June, work continued in the development of the LGRI team, organizational operations and management restructuring. Coordinators were able to attend many seminars on local government legislation as well as the budget seminar.

The team worked on a new management strategy that was provisionally implemented in July as the team was waiting for USAID's parameters for the management restructuring. In August, Joe Taggart indicated that USAID would just review the new plan without providing parameters in advance. The plan was submitted to USAID in September following review by UI Washington.

To improve communication with USAID, the LGRI has provided bi-weekly to monthly reports this quarter. Four reports were drafted this quarter. The effort required from the entire LGRI staff to produce bi-weekly reports has been considerable. LGRI would like to discuss the value of the reports to USAID and reducing the reporting to a monthly time frame.

### **Significant Findings and Delays**

The delay in local elections and lack of clarity as to when they will occur continues the uncertainty with the long drawn out debates on the Organic Law on Local Self Government and the Election Code. The unclear situation that negatively impacts local government partners also affects the implementation of the LGRI. The LGRI team has been engaged in contingency planning if local elections were to be postponed. Now, it is a question of whether the delays will be six months or one year.

**NGO's**—Written complaints concerning the level of participation by partner NGO's slowed the process of contracting with them as the issues were reviewed by USAID. However, at present subcontracts are under negotiation with four of the six NGO's that sent the letter as well as another two NGO's that were not original partners.

As indicated in the bi-weekly reports, there have been delays in placing subcontracts with the NGOs due to the challenge of developing personnel labor rates and budgets for other direct



costs that conform to USAID procurement requirements. As part of his visit in June, Jeff Telgarsky met with representatives of several NGOs and conducted a seminar on budget and cost issues related to subcontracting under USAID contracts. Nonetheless, most of the NGOs are very unfamiliar with these issues and have institutional and staffing arrangements that do not easily conform to the most common approaches to developing budgets. With the assistance of the USAID Contracting Officer, we have simplified the labor rate issue by receiving USAID approval to use the local compensation plan for negotiating personnel labor rates. Negotiating other direct cost levels has required significant LGRI and UI/Washington staff time in order to ensure that the subcontracts with the NGOs are bearing only their fair share of the NGOs costs.

Economic development work was delayed at USAID's request to wait until after the elections.

USAID's request to focus on team building and to hold a staff retreat did delay the opening of the regional offices but was well worth it.

The need to wait for an unanticipated source of origin waiver for purchase of computer and other equipment also delayed the office openings.

#### **Work scheduled for the next reporting period**

- Consumer survey report completed and widely disseminated in city presentations and through media and the Website.
- Copies of Local Government Baseline Assessment printed and widely disseminated in hard copy and electronically.
- Opening of field offices in Mtskheta and Lagodekhi.
- Confer with government and Parliamentary leaders on best way for TG to assist in legislative drafting given current political climate and reorganize work of the TG for third quarter.
- Josef Hegedus comes to assist in developing local budget law.
- Planning/delivery of the budget public awareness seminars with NGO's.
- Fourth Budget and Finance seminar in November.
- Continued material development for Website and public outreach.
- Develop training strategy and training design with focus on leadership training for council members, staff, and executive based on election postponement.



- Deliver consultant training to LGRI staff by Maria Nagorski.
- Distribute grant applications, evaluate and approve first round of grants.
- Hold LGRI Advisory Group meeting (depending on elections).
- Select and work with condominium buildings in association formation and improved financial management implementing grant program in December.
- Organize economic development seminars, processes fourth quarter and study tour for the first quarter of 2001.

**Specific Action Requested**

- Discussion on the status of work plan and necessary revisions
- Clarification on status of USAID's other support for municipal associations
- Clarifications on program directions particularly: grant program, public services, Selection

**Up-to-Date Schedule of Work**

There is some delay in delivery of some city specific programs by two to three months. Delays are due to a variety of factors as described above.